

Message Text

CONFIDENTIAL

PAGE 01 LIMA 08557 202159Z

64

ACTION L-03

INFO OCT-01 ARA-06 ISO-00 TRSE-00 SS-15 SP-02 NSC-05

CIAE-00 INR-07 NSAE-00 EB-07 COME-00 OMB-01 OPIC-03

INT-05 FRB-03 IGA-02 SSO-00 NSCE-00 USIE-00 INRE-00

AID-05 CIEP-01 STR-04 CEA-01 /071 W

----- 106445

O 202129Z SEP 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1881

C O N F I D E N T I A L LIMA 8557

FOR L - MR. LEIGH; ARA - MR. LUERS

EO 11652: GDS

TAGS: BDIS, EIND, EINV, EMIN, PFOR, PE

SUBJECT: MARCONA - DRAFT AGREEMENT REVISION

REF: LIMA 8512

DRAFT AGREEMENT AS PER REFTTEL, WITH REVISED PROVISIONS ARTICLES
1 AND 2, AS QUOTED BELOW, HAS BEEN GIVEN TO GOP:

ARTICLE 1, PARA 2: WITHIN THESE PRINCIPLES AND IN
CONFORMITY WITH THE REPORTS OF THE PERTINENT DESIGNATED
COMMISSIONS, WHICH HAVE BEEN APPROVED BY SUPREME DECREE
NO. OF , THE GOVERNMENT OF PERU AGREES TO PAY
TO THE MARCONA MINING COMPANY AS JUST COMPENSATION FOR ITS
EXPROPRIATED ASSETS THE SUM OF \$61,400,000 WHICH WILL BE
PAID IN THE FOLLOWING FORM: THE PAYMENT IN CASH OF \$37
MILLION, EVIDENCED BY A PROMISSORY NOTE, WHICH WILL BE MADE
ON THE DATE ON WHICH THE NEW FINANCING WHICH THE GOVERNMENT
OF PERU IS NEGOTIATING WITH A GROUP OF PRIVATE NORTH AMERICAN
BANKS BECOMES EFFECTIVE, AND AN INDIRECT PAYMENT ESTI-
MATED AT \$22,400,000 THROUGH A CONTRACT BY WHICH
MINPECO SELLS TO MARCONA, INC. 3,740,000 LONG TONS OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LIMA 08557 202159Z

IRON ORE IN THE FORM OF PELLETS EXCLUSIVELY FOR THE

US MARKET AT A PRICE OF \$18 PER TON FOR THE FIRST 1.1 MILLION TONS, \$20 PER TON FOR THE SUCCEEDING TWO MILLION TONS AND \$23 PER TON FOR THE FINAL 640,000 TONS, WITHIN A TERM OF FOUR YEARS.

ARTICLE 1, PARA 3: THE TOTAL SUM MENTIONED ABOVE ALSO INCLUDES APPROXIMATELY \$2 MILLION IN ADDITIONAL COMPENSATION WHICH WILL BE REALIZED BY MARCONA THROUGH THE DECEMBER 11, 1975 CONTRACT BETWEEN COMPANIA PERUANA DE VAPORES AND THE MARCONA CORPORATION.

ARTICLE 2: THE GOVERNMENT OF THE UNITED STATES CONFIRMS THAT THE PAYMENT OF THE \$37 MILLION CASH AND THE PERFORMANCE OF THE OTHER OBLIGATIONS UNDERTAKEN BY THE GOVERNMENT OF PERU WITH RESPECT TO THE MARCONA CORPORATION AS STIPULATED IN ARTICLE I WILL FULFILL ALL THE RESPONSIBILITIES OR OBLIGATIONS OF THE GOVERNMENT OF PERU TOWARD THE MARCONA CORPORATION, ITS SUBSIDIARIES, BRANCHES OR AFFILIATES ARISING OUT OF THE NATIONALIZATION BY PERU OF THE PERUVIAN BRANCH OF THE MARCONA MINING COMPANY INCLUDING THOSE ARISING OUT OF THE MATTER OF THE CARGO FROM THE S.S. ELIZABETH LYKES (REPRESENTING A CHARGE OF APPROXIMATELY \$800,000).
DEAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, NATIONALIZATION, COMPENSATION, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA08557
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760355-0408
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760942/aaaabjnn.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LIMA 8512
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by saccheem>; APPROVED <28 OCT 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARCONA - DRAFT AGREEMENT REVISION
TAGS: BDIS, EIND, EINV, EMIN, PFOR, PE, MARCONA MINING CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006